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SUBJECT: FORMER RUSSIAN PM KASYANOV: OPPOSITION WOES,
REGISTRATION UPDATE

Classified By: Ambassador William J. Burns: 1.4 (b) and (d).

Summary

¶1. (C) In a recent one-on-one lunch with Ambassador, a confident ex-prime minister Mikhail Kasyanov cited reasons to be optimistic about his presidential prospects:

- the business community's alleged latent support for his economic reform agenda;
- the weakness of current contenders Medvedev (inexperienced), Ivanov (distrusted) and Mironov (charisma-challenged);
- looming, unresolved economic and social problems;
- the lack of other strong contenders in the democratic camp.

¶2. (C) Kasyanov's optimism contrasts sharply with pessimistic prognoses by analysts about the future of the western-oriented democratic opposition, whose micro-parties remain in disarray. Another cause for pessimism is the refusal of the Federal Registration Service (FRS) to register Kasyanov's "Russian Popular Democratic Union (RPDU)." The FRS maintains that the reasons for denying the RPDU were technical. Kasyanov and members of his organization see it otherwise, and have refused to re-apply. Registration would have simplified the RPDU's financial dealings and laid the groundwork for its transformation into a political party. Kasyanov seconded the views of observers here that President Putin has no interest in staying beyond 2008, but cautioned that Kremlin rivalries might complicate his farewell. End summary.

Kasyanov Remains Optimistic

¶2. (C) In a recent one-on-one lunch at Spaso House, former PM Kasyanov was confident, verging on smug, about his future political prospects, arguing that he was playing "a long game." Surveying the field of "democratic" leaders and political parties, Kasyanov was dismissive of Yabloko and SPS, arguing that their decision not to attend the July 2006 Other Russia conference and implicit pact with the Kremlin had left them weaker, not stronger electorally. Russian Republican Party (RPR) president Vladimir Ryzhkov, he predicted, would have to crawl back to the Other Russia fold after his resounding defeat in the October 2006 regional elections in Astrakhan; Kasyanov questioned whether RPR could expect to secure registration from the Central Election

Commissioner. As for his Other Russia partner, Garry Kasparov's lack of experience made him "excitable," but Kasyanov endorsed their working arrangement. (Separately, Kasyanov's chief aides, Konstantin Merzlikin and Oleg Buklemishev, were less charitable, impugning Kasparov's "black and white" view of the world, rejecting his call to boycott the Presidential elections, and noting that the chess champion had not even informed them that his wife's pregnancy was the reason for his long sojourn in the U.S.)

13. (C) Whether or not Putin seeks a third term is the central, unresolved issue of the 2008 elections, according to Kasyanov, who noted that from a parochial perspective having Putin remain in office as social and economic issues came to a head was attractive. Kasyanov, like most observers here, believes that Putin wants out. However, he argued that Putin should be worried about his failure to date to transfer his own popularity to his presumed candidates for succession, Dmitriy Medvedev and Sergey Ivanov, who were not catching fire in the popular imagination. Kasyanov predicted that the rivalries between Kremlin blocs would make it difficult for Putin to depart, with "old oligarchs" throwing their weight behind Medvedev and "new oligarchs" (i.e. Sechin) lacking confidence in the First Deputy Prime Minister and detesting MinDef Ivanov. Kasyanov insisted, not once but three times, that it was only a question of three to five years "before the revolution comes."

14. (C) Kasyanov's optimism was a function of his faith in the Russian business community's latent support for his economic reform agenda. Noting that corruption was sure to play a larger role in the 2008 elections, Kasyanov attempted to fireproof himself, noting that additional charges of personal corruption might seep out, and volunteering that his recently acquired son-in-law, heir to a multimillionaire

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Moscow construction firm scion, had a reputation for some shady real estate deals. That aside, Kasyanov intimated that he was "still friends" with Sergey Ivanov, and that the inexperience of Medvedev and the charisma deficit of Federation Council Speaker Mironov would play into his hands, rendering him an attractive last-minute compromise candidate.

Other Russia Moribund

15. (C) Kasyanov's advisers told us that his political strategy remains largely unchanged. Because he remains a political "untouchable," any effort to unite formally with members of the democratic opposition would provoke a Kremlin response. Instead, the former Prime Minister will head the Russian Popular Democratic Union movement (with movements not subject to electoral commission requirements to prove a membership base of 50,000, distributed throughout at least 45 of the 88 federal subjects) and use Other Russia as an incubator for opposition ideas. Merzlikin and Buklemishev were careful to deny Kasyanov's leadership of Other Russia -- with earlier intimations having precipitated RPR Ryzhkov's repudiation of the Other Russia format. Kasyanov continues to travel around the country, drawing Kremlin-friendly Nashi protesters at most locales. Merzlikin noted with some irony that the Nashi protesters increased, rather than detracted, from Kasyanov's profile. Neither Kasyanov aide complained of official harassment, with the exception that university campuses appeared to be off limits, with rectors pressured into canceling lectures by Kasyanov, despite initial enthusiasm in booking the former Prime Minister.

16. (C) Other Russia founding member, Lyudmila Alekseyeva, acknowledged that it was reduced to a core group of about 30 members meeting every six weeks to two months. She defended the concept of the big opposition tent, expansive enough to include National Bolsheviks and quasi-Stalinists, and united only in the rejection of Putin, as a necessary recourse in a

system dominated by the Kremlin. Other Russia was more a "brand" than a political party. Alekseyeva remains scathing in her criticism of SPS and Yabloko, labeling their decision to boycott Other Russia as a betrayal of democratic ideals, while conceding that their parties remain the incubators for the future democratic leadership of Russia.

17. (C) Political scientist and hired consultant for United Russia, Boris Makarenko said that based on the latest polling conducted by his Center for Political Technologies he has "practically lost hope" for the liberal/democratic parties. Using Moscow polling data as an illustration, Makarenko noted that liberals garnered only about five percent of the vote, with "old Soviets" (i.e., those rejecting the market economy) polling in the 10-15 percent range. The mass of voters, 80 percent, hate the bureaucracy and the power structure (with the exception of Putin). What divides them is their orientation to power: do they seek an accommodation and negotiations with the power structure (United Russia voters), or do they prefer to yell at the system. With this data, Makarenko argued, the new political union led by the Party of Life is well-poised to be an acceptable alternative to the party of power and well-placed to garner a respectable second-place showing in parliamentary elections. At this stage, he underscored, there is no difference between United Russia and the Party of Life: they are competing for power, not fighting over ideas. But, he noted, the emergence of an officially tolerated second party was a healthy development, if not one to exaggerate.

Registration Refusal "Politically Motivated"

18. (C) Kasyanov advisor Oleg Buklemishev told us October 25 that Kasyanov's "Russian Popular Democratic Union" (RPDU) would not contest the Federal Registration Service's (FRS) October 23 refusal to register it. Buklemishev joined Kasyanov in labeling the FRS's denial "politically motivated." He disputed assertions by acting Director of the FRS's Directorate for Political Parties, NGOs, Religious, and Other Organizations Galina Fokina (as reported in the October 24 edition of Izvestiya) that the RPDU was refused registration for purely technical reasons that could easily be remedied. Fokina said there were four reasons for the refusal. She cited two in the Izvestiya piece:

- the use of two distinct organizational terms to describe the RPDU: "movement" and "union";
- the provision of the address of executive body, instead of

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the address of the governing body.

19. (C) Buklemishev rejected Fokina's assertion that the RPDU was refused for technical reasons, and referred Embassy to the full text of the FRS's refusal letter as evidence. The October 23 letter, in addition to the reasons for refusal cited by Fokina in Izvestiya, alleges that parts of the RPDU's application were not in conformity with the Law on Non-Governmental Organizations. It also holds that information provided to support the assertion that regional offices had been established in the Ulyanovsk region, the Republic of Chuvashiya, and the Republic of Mariy El was false. The evidence it provides to support that contention suggests that the RPDU's application was at a minimum very carefully examined. The letter notes, for example, that "E.S. Ksenofontova," allegedly listed in supporting documents as a founder of the Cheboksary (Chuvashiya) regional office, "has been in the United States since May 2006," while Cheboksary founders E.A. Nosova and S.V. Prokopenko told the FRS that they were not in the city on August 5, 2006, the day of the founding congress.

10. (C) Buklemishev saw behind the FRS's willingness to comb the RPDU's application for discrepancies evidence of a

political decision to keep Kasyanov's organization on the sidelines. In any event, he said, unregistered or not, the RPDU would continue its efforts to build a democratic society in Russia. Kasyanov and the other members of his team continued to travel around the country. The RPSU was especially strong in the Bryansk and Tula regions. Buklemishev ascribed RPSU's strength in some of the regions to "local members able to provide" the political cover necessary to allow the RPSU prosper there.

Comment

¶11. (C) The RPDU does not have to be registered in order to continue its activities, but registration would simplify the movement's financial transactions and prepare the way for its transformation into a political party, should Kasyanov want to pursue that option. The FRS put the RPSU application under a microscope, but the decision not to approve the FRS ruling and to address the technical issues doesn't seem to us to be politically astute. Rodina and the Communist Party agree with Kasyanov that many of the legal requirements for registration are so onerous that all applicants are likely in technical violation of one or another of its provisions, making it easy for the FRS to single out those organizations whose leaders are a source of unhappiness for the Kremlin. Nonetheless, foreign NGOs which had been singled out for clearly political reasons were able to overcome the technical shortcomings identified and get themselves registered.
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